

ARE C-STORES THE NEW EAST(ER) FOOD ME

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8/4/87



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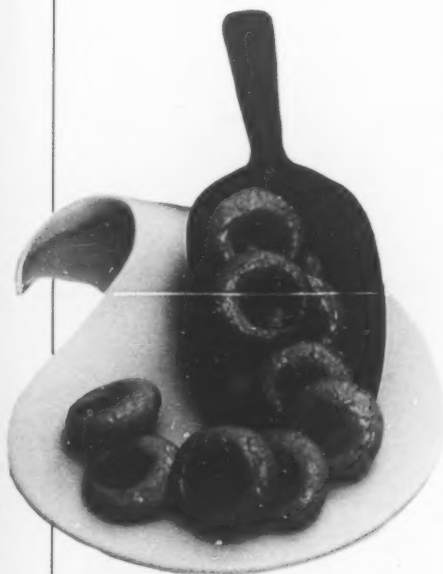
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ice of the American Gas Association,
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R&I REPORT

■ OPERATOR OUTLOOK

What Can You Do about Rising Insurance Rates?

A CLOUDED ISSUE
When asked whether they are for or against mandatory non-smoking sections in restaurants, here is how independent operators responded:



If you are not feeling the pinch from escalating insurance costs, consider yourself either extremely conscientious or extremely lucky.

A random poll of independent operators across the country in June found 80% feel their rates have gone up a lot, 12% say rates have gone up slightly, 8% have remained the same and no one reported rates having gone down. Among the same group, 84% feel the increases are not justified.

Rising rates, especially liquor liability, are putting the squeeze on margins and affecting operations in numerous ways.

Most operators report trying to resist passing the cost along to the customer by holding labor and food costs down. Yet others say they have had no choice but to raise prices.

Others are responding in different ways to offset the costs. Francis Johnson of

Cricket's in Chicago has added a 20% deductible to employee medical coverage. Roger Berkowitz of Legal Seafood in Boston is lobbying in efforts to put a cap on rates. Many operators report they are constantly shopping around for lower rates.

Too many report, however, that they are just paying the price and taking their lumps.

Opinions Mixed on Non-Smoking Ordinances

As more and more communities adopt non-smoking ordinances for public places, restaurant operators are being forced to adapt and look for innovative ways to please all customers.

Some operators surveyed report expanding their "bar areas" which are not regulated by many of the new ordinances. Others report making no changes, feeling it is common courtesy for smokers to refrain when it offends others.

A health department official in Skokie, Ill., where an anti-smoking law passed in

June, says his department will only respond to complaints.

"If nobody is concerned that a restaurant doesn't have a smoking area, there is no reason for us to expend our manpower," the official says.

On the other hand, many operators report the patron's appreciation for having a choice. John Dayton of Routh Street Cafe in Dallas

As a courtesy to others, please

As a courtesy to others, please

As a courtesy to others, please

NO SMOKING

says customers deserve the choice, and he feels business is good *because* of the new non-smoking ordinance. And he is not alone in his opinion. Thirty-six percent of the operators polled are for mandatory non-smoking areas.

Operator Outlook will become a regular monthly feature in which operators are polled about important issues facing the industry. —J.W.



Because of the increasingly litigious nature of society, skyrocketing liquor liability rates are hitting operators hard.

R&I EXCLUSIVE



CONVENIENCE STORES:

THE NEW FAST-FOOD MERCHANTS

■ FOODSERVICE FRONT

The battle for a bigger market share is heating up, as c-stores add hot menu items, expand deli offerings and give customers a place to sit down.

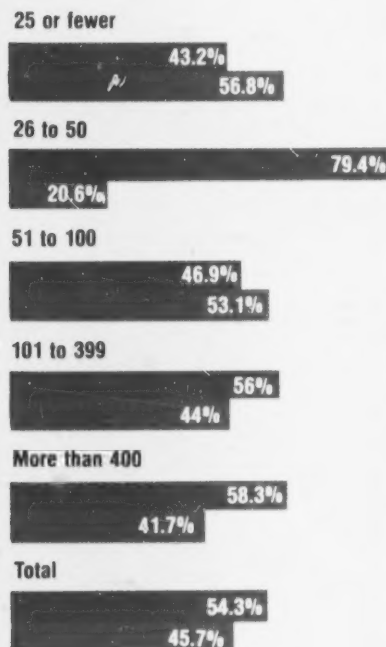
RESTAURANTS & INSTITUTIONS

SIT DOWN AND TAKE NOTICE: MANY C-STORES NOW OFFER SEATING SPACE

According to a Cahners Bureau of Foodservice Research survey completed by 184 c-store operators, at least some stores offer patrons a place to sit while they are eating. Small chains are more likely than large chains to include a sit-down eating area.

■ Yes ■ No

No. of stores in chain



Source: Cahners Bureau of Foodservice Research

Arco's am/pm mini markets began selling self-serve fountain drinks in 1981. Do-it-yourself milkshakes followed in 1984. Hot dogs, introduced with heavy media support a year later, were soon moving at a daily rate of 280 per store. Then, in the wake of internal research showing burger sales potential to be 10 times that of hot dogs, Arco sailed into the hamburger business.

Within five years, a major convenience-store chain moved from selling a few sodas on the side to making foodservice an integral, growing part of the business.

Variants on this story can be found throughout the c-store industry. In fact, Southland Corp.'s vast 7-Eleven

ROUNDTABLE

C-Store Foodservice Here to Stay, Say Industry Experts

This discussion, which took place May 17, included Dan Spener, a St. Louis-based foodservice consultant; George Samaras, vice president of franchising at Church's Fried Chicken, San Antonio, Texas; and Richard Reinhard Jr., former foodservice director at Southland Corp. Reinhard left Southland in May to become president and chief executive officer at Central Park U.S.A., a drive-thru only concept headquartered in Chattanooga.

R&I: Are convenience stores, supermarkets and fast-food chains competing for the same foodservice dollar?

Spener: There is definite competition between the meal-occasion dollar, meaning snack and regular mealtimes. Stores such as 7-Eleven typically carry between 150 and 200 different immediately consumable snack items. And the snack occasion, I feel, is completely different than a meal occasion. If you look at the meal occasions and consider the fast-food items that convenience stores are now carrying, whether they are manufactured fresh on premises or whether they are manufactured somewhere else and then simply reconstituted on premises, I feel that those dollars are in direct competition with fast feeders and supermarkets for that particular category.

Reinhard: I think the demographics have a lot to do with it. The typical convenience-store customer is an 18- to 34-year-old male, blue-collar worker. We're trying to get more women into our stores. We're trying to get more of what I call pink-collar workers, which are high tech, as high tech is taking over manufacturing in this country. Our success is now being skewed towards companies like Church's.

Samaras: I don't think there's any doubt that we're competing for the same dollars. There's only so much of the pie to cut, and the fast-food industry at one time pretty much retained its own share of that pie. The biggest problem we had then was how we were going to divide that pie within the industry. Today the lines are not drawn quite as clearly. The fact that there's

been somewhat of a marriage on a test basis between convenience-store companies and fast-food companies really is an attempt on the part of both industries to avoid a collision.

R&I: Are the customers who visit the fast-food location inside a c-store the same customers who buy items from the convenience store?

Reinhard: Most of our core customers



Richard Reinhard Jr.
Southland Corp.

are heavy fast-food users, but I can't say that all heavy fast-food users use convenience stores. They buy Super Big Gulps and Big Gulps because the value for those drinks is better in a c-store than it is in a traditional fast-food place. Our big challenge is to get fast-food users to come into the convenience store, and shed the negative image they have of c-stores—microwave sandwiches, unsanitary and sometimes unsafe conditions.

Samaras: Convenience research shows that fast-food purchases are largely impulse purchases. I think we're talking about the same basic consumer. The only difference is the frequency with which one crosses over to use c-stores and fast food. The media exposure of

CONVENIENCE STORES

"Some chains are already involved in long-term testing, while others are just developing a marketing plan. A strong point for c-stores is that they're willing to try anything."

MORE SEATS ARE ON THE WAY

A quarter of all c-stores lacking in-store eating areas say they plan to add them. Small and mid-sized chains are most intent on letting customers take a load off their feet.

■ Yes ■ No

No. of stores in chain

25 or fewer



26 to 50



51 to 100



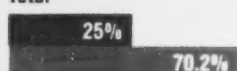
101 to 399



More than 400



Total



Source: Cahners Bureau of Foodservice Research

WHAT'S ON THE C-STORE MENU TODAY?

Percentage	Menu Item	Percentage	Menu Item	Percentage	Menu Item
51.3%	Deli sandwiches	6.9%	Salads	2.5%	Burritos
43.1	Chicken	6.3	Chili	2.5	Hot Entrees
33.1	Hot dogs	6.3	Nachos	1.9	Cookies
23.1	Deli	5.6	Popcorn	1.9	Ham
13.1	Pizza	3.8	Breakfast	1.3	Corn dogs
11.3	Hamburgers	3.8	Barbecue	1.3	Ribs
10.6	Doughnuts	3.8	Biscuits	1.3	Bread
10.6	Soup	3.8	Fries/Potatoes	1.3	Meat
7.5	Bakery products	3.1	Fish		

Source: Cahners Bureau of Foodservice Research

empire followed the same pattern, beginning with fountain drinks and progressing slowly but surely to The Works, an extensive foodservice program now in test.

No longer is c-store foodservice confined to carryout. Thirty percent of convenience stores provide in-store dining space for patrons, according to the *Convenience Store Merchandiser*, a trade magazine.

C-store companies, with a total of 76,000 units, have dabbled in foodservice since the '60s, when 7-Eleven first installed its Slurpee machines. But the real explosion has occurred just in the past couple of years. Some companies continue to play it safe with a narrow line of foodservice offerings, but more and more seem determined to tackle the fast-food companies on their own turf.

"There's no question that we're seeing a major commitment from the c-store industry to put together foodservice programs," says consultant Coney Elliott of Solutions Inc., San Angelo, Texas. "Some chains are already involved in long-term testing, while others are just developing a marketing plan. A strong point for c-stores is that they're willing to try anything."

The c-store chains may well succeed in their endeavors. A look at one of Wawa Inc.'s dining areas or foodservice counters (pictured on the opening page of this article) could make a fast-food executive's heart sink—for the fact is that the best of c-store foodservice is as sparkling clean and professionally run as any traditional fast-food

operation.

The underlying reason for the c-stores' enthusiasm is the attractive gross profit margin generated by fast food—estimated by the National Association of Convenience Stores at 47.4% for 1985. By comparison, profit margins for retail sales ranged from a high of 35% for groceries to a low of 7.3% for gasoline.

The growing momentum of c-store foodservice can be measured several different ways. In the early 1970s, fast-food items accounted for only 1.5% of total c-store sales; by 1985, foodservice sales had swollen to 13.1% of total in-store sales (excluding gasoline). Not

The biggest fast-food vendor, by far, is Southland Corp.



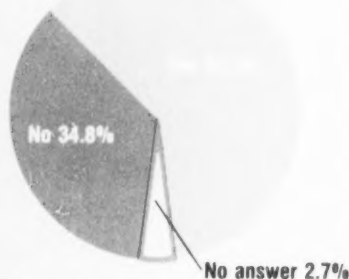
& RESTAURANTS INSTITUTIONS

counting fountain drinks, fast-food sales totaled \$3.7 billion in 1985, and that figure is growing at the rate of 15% a year. In addition, the number of c-stores increased by 15.2% last year, giving them a larger base for expansion into foodservice.

Southland's The Works offers testimony to the c-stores' growing confidence and sophistication in the fast-food arena. The name refers to two things: a fast-food restaurant prototype and a self-service condiment bar with 16 different toppings for hamburgers, hot dogs and sandwiches. Southland also is conducting joint ventures in several locations with fast-food chains, notably Church's Fried Chicken.

CONVENIENCE-STORE MENUS LIKELY TO GROW

A clear majority of c-store operators plans to add new food items during the next year.



Source: Cahners Bureau of Foodservice Research

Rapid expansion into foodservice is the striking fact about Casey General Stores Inc. The chain's "Homemade Pizza to Go" is on sale at 230 stores, up from just 10 a year ago. Another pioneer is Indianapolis-based Village Pantry, which makes its own pizza from scratch—and then delivers it.

Convenience Store News' 1987 industry report identified as a megatrend among c-stores the replacement of prepackaged sandwiches with freshly prepared sandwiches. One chain even bakes its own bread in the interest of a better sandwich. Building on an already-strong breakfast trade, several other chains are doing their own versions of McDonald's and Hardee's sausage and biscuit combos.

This savvy has been acquired, in

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C-stores are out to capture fast-food customers.

the fast-food chains also has a lot to do with where people eat.

Spener: I think, too, that convenience stores, with their deli sandwich programs, are recruiting a new customer base, the brown baggers. Now that there are two-income families, no one wants to make the sandwich the night before, and that person would rather grab a sandwich on the way to work. C-stores and fast food are really going after the same customers, and the c-stores that offer the best value and consistent quality will survive.

R&I: Dick, do you know why heavy fast-food customers don't seem to be using c-stores as heavily?

Reinhard: Again, customer demographics have a lot to do with it. Hardee's and Church's attract a lot more women and children, a varied mix of customers, compared to c-stores.

Spener: How much of c-store food sales are impulse? I think the airport feeders have said that 40% of their customers buy a hot dog or something at non-traditional mealtimes, just because it's there.

Reinhard: Obviously they're important. We have the snack dollars. When we make a big investment to open a full-production fast-food operation, then we need the meal occasion dollars to make it work.

R&I: Foodservice has got to be a whole new problem for you.

Reinhard: We now need restaurant licenses just like anyone else. Some of our stores are 15 or 20 years old. Sometimes, we may as well raze the building, considering all it takes to remodel. We haven't determined that combining with fast food is the almighty answer to anything. We know it has potential but we don't know how it works. Sometimes, managers who have been in retail for a long time resist the change. We tell them we're going to add a fried chicken operation, and they worry about grease getting on the Rice Krispies.

R&I: What are the other drawbacks and benefits to c-store/fast-food marriages?

Reinhard: The retail mindset is not



Daniel H. Spener
Foodservice Marketing Consultant

technically skewed toward the regulatory environment for preparing foods from scratch. It's a lot different selling a can of sardines with a shelf-stable life of two years than some chicken that has a 10-minute code. You can't ask a retailer to throw something out. Our coffee, for instance. We have the "It's Fresh or It's Free" promise, so if managers don't throw it out, they give it away. And managers may not be attuned to the attention to detail necessary to provide quality food.

Samaras: The first benefit is location. A drawback to us might be our concern about image and quality of the products that are served. That's a problem if the concept isn't executed properly at the local store level. And even though two companies may have agreed to a test, there may be those at both ends who think that putting fast food in a convenience store is not the right way to go. Location is important, but are we going to lose the customers who find the 7-Eleven is actually more convenient than the traditional Church's store they visit?

Spener: The smarter move or the more long or far-sighted move may be to take advantage of this location factor, to capitalize on the fact that the c-store is there and has the zoning gets you into a fast-food marriage with that convenience store much quicker than starting up with your own. You're able to go into market areas that have a need.

Samaras: Your point is well taken. However, it depends on who you are. McDonald's today doesn't appear to be very interested in convenience-store lo-

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CONVENIENCE STORES

Chains with a "50% attitude" are after a mainstream clientele that will come in for meals, not just snacks. They're willing to make major investments to reach that goal.

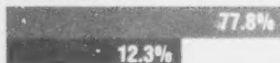
ON-THE-SPOT PREP ON THE UPSWING?

Eighty-seven percent of all respondents said they prepare some items on the premises, a figure that rises to 100% for chains with 400 or more units.

■ Yes ■ No

No. of stores in chain

25 or fewer



26 to 50



51 to 100



101 to 399

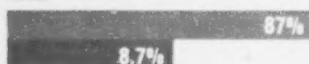


More than 400



0%

Total



Source: Cahners Bureau of Foodservice Research

part, by importing talent from the fast-food industry. It's no accident that NCS's director of fast foods, Jim Lynch, has worked for three burger giants: McDonald's, Burger King and Wendy's. Russell Stutzman, a consultant in Ocean Springs, Miss., comments, "C-stores are recognizing that they need foodservice experts to succeed, and they don't have many of their own."

In the Los Angeles area, Arco's billboards trumpet: "Too bad, McDonald's. Sorry, Burger King. Tough luck, Wendy's." Despite this air of bravado, however, many c-store chains are still weighing their options.

"Everyone is still in the groping stage—trying to find a magic formula

that puts them in the foodservice business," says Stutzman.

At some point, they'll have to choose between two basic mindsets, often called the "10% and the 50% attitudes." C-stores willing to settle for foodservice as a minor part of total sales are taking the route of caution. Devoting only a small percentage of floor space to prepared food items, they'll continue to attract a snacking clientele, and they'll probably stick to self-service.

A chain adopting the more radical 50% attitude, on the other hand, wants fully half of sales to come from foodservice. "This kind of chain is trying to position itself in the consumer's mind as a viable alternative to fast



&RESTAURANTS &INSTITUTIONS

food," says Stutzman.

It is these ambitious chains that, once they've invested in the sit-down dining areas, the restrooms, the on-premises food preparation and the personnel, have the best chance of convincing customers they can perform as well as—or even better than—the fast feeders.

—Toni Lydecker and Lisa Bertagnoli

How do c-stores measure up? This question will be explored in the Aug. 19 issue of R&I.

National Convenience Stores tripled hot-dog sales by abandoning old-fashioned roller grills for the merchandising pizzazz of spits.



The typical c-store patron is a blue-collar, lower-income male.

cations or in supermarket locations. They've been very interested in military bases and other specialty type locations, but not in c-stores. Church's has a few more than 1,500 stores, and we have not penetrated a lot of markets. Obviously, we are extremely interested and we are location-driven in that respect. But the dividing of dollars that I'm talking about really has not so much to do with Church's and 7-Eleven, but with the fact that there are convenience stores in a market where there are already fast-food locations. The fact that we're in competition for the same dollars is reality.

R&I: I think McDonald's isn't interested in those kind of sites because McDonald's isn't interested in anything where they might have to relinquish some control.

Samaras: There's another part of the equation—sheer numbers of locations. They (McDonald's) have as many as we do. Church's doesn't have that penetration. Southland does.

Reinhard: And that's the give-and-take between a convenience-store company like Southland and a fast-food company like Church's. I don't want to get too far off the beaten path here, but I do want to add that chicken is more conducive for the convenience store environment because it holds longer than hamburger or even pizza. No wait for the product, it's already precooked. Chicken is also something you can eat cold. 7-Eleven is the largest retailer of brewed coffee in the free world. A construction worker can come in and not only buy his coffee and a Danish pastry, but buy some chicken at 10:30 in the morning to eat cold at lunch.

Spener: While we're talking about your marriage, we'd best throw this question out. The whole industry suspicion is that Southland is going to learn everything about the chicken business that they can from Church's, then they can be in the chicken business in all their 8,500 stores. That's the big thing buzzing in the back rooms and it's something that needs to be addressed up front.

Samaras: A lot of people have tried to



George Samaras
Church's Fried Chicken

copy the Church's marination system. It clearly is the best quality chicken at the best possible value in the marketplace today and if it was so easily copied, there would be other players out there besides Church's. Besides Popeyes (and Kentucky Fried Chicken), there aren't too many others.

Spener: Is there anything within your agreement that prevents Southland from entering into their own independent chicken operation?

Reinhard: The franchise agreement that we sign with Church's is the same agreement that's signed by every franchisee. A typical franchisee cannot go out and develop a chicken product when they're already a franchisee of a franchisor of a major chicken chain. The agreement with Church's is a test, however, and we can dissolve that agreement when we so desire or we can proceed.

Samaras: There isn't a convenience store or company in America that hasn't contacted us. I'm talking about the regional ones.

Reinhard: Every week I get calls from one or two chains—we now have a mini version of our concept—but our plate is full. We've got our Hardee's Hamburger and biscuit feast, we've got our Church's fried chicken feast and we have our own concept of The Works that we're testing. With that and our typical convenience-store foods, we've got our plate full. We are still retailers first and foodservice operators second.

Spener: One point that I don't think has been lost to the convenience stores is that of top line. When you look at the

continued on page 56

CONVENIENCE STORES

EQUIPMENT INVESTMENTS SHOW DETERMINATION TO PLAY FOODSERVICE HARD BALL

More c-stores own coffee brewers than any other piece of equipment.

%	Type of Equipment
95.7%	Coffee brewers
92.9	Carbonated beverage dispensers
92.4	Kitchen sinks
91.3	Microwave ovens
89.1	Ice Makers/dispensers
87.0	Beverage dispensers
86.4	Reach-in freezers
85.9	Reach-in refrigerators
83.7	Refrigerated display cases
78.3	Slush machines
74.5	Hot dog grills
70.7	Work tables
67.4	Popcorn machines
64.7	Coffee urns
58.2	Electric food slicers
57.6	Hot dog steamers
56.5	Refrigerated/preparation tables
55.4	Food and soup warmers
50.5	Soft-serve machines
44.6	Tray racks
44.0	Convection ovens
41.3	Cheesemelters
41.3	Heat lamps and infrared strips
38.6	Floor deep-fat fryers
29.9	Pressure fryers

Source: Cahners Bureau of Foodservice Research

Impulse buys, snack foods anchor c-stores sales.

foodservice industry and its traditional gross profits, compared to those for supermarkets and convenience stores—I don't think the fact is lost to anyone.

Reinhard: It is a top-line battle. Everybody's looking for that something that will give them that much more in sales. It isn't just adding one more shelf item any longer. The problem is much deeper than that—it's incremental sales without any major cannibalization of existing products. By taking up 300- to 500-square feet with foodservice, we obviously have to eliminate some products or some product faces. It's like a balloon. When you poke your finger in one side, it's got to come out somewhere else, or the balloon will break. It's the same thing when you're working in 2,400 square feet. There's a fine balance of retail product offerings as far as gross profit is concerned. But we would be remiss not to test (with Church's).

R&I: What sort of things are you learning from one another?

Reinhard: We are learning from Church's how to teach our management people to operate restaurants

within a convenience-store environment. They are becoming knowledgeable as to the sensitivities of this regulatory business of foodservice, preparing food from scratch, proper holding times, sanitation, handling, receiving—the accountability and tracking of the products and related sales. It's all being learned from Church's and it has helped us tremendously.

Spener: Foodservice can learn a good lesson from the retail side of convenience stores. Retail generally reacts more quickly to customer demand, whether it's trends or fads or new products. Retail just jumps in and grabs a new trend, while foodservice tests and tests, and sometimes misses a trend. Both sides can learn from each other if they keep their eyes open.

R&I: George, what are you learning from c-stores?

Samaras: We had to make some changes in order to work within a convenience-store concept. For instance, all Church's stores cut chicken, which is an inherently sloppy product. That wouldn't work in a 7-Eleven, so we had to come up with a precut, premarinated product. That's how it's delivered to the 7-Eleven stores. We also learned that customers in 7-Eleven stores did not necessarily want to see food production. Church's traditionally has had an open kitchen, so we had to learn how to close off the kitchen.

Reinhard: One of the biggest transi-

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Reinhard (middle) and Samaras (r.) listen to comments during the convenience-store discussion held by R&I.



CONVENIENCE STORES

CENTRAL COMMISSARIES HELP C-STORE CHAINS ACHIEVE ECONOMIES OF SCALE

Nineteen percent of survey respondents have a central commissary. They use it most frequently to prepare sandwiches, baked goods and chicken for distribution to individual units.

Menu item	% prepared in commissary
Sandwiches	62.9%
Baked Goods	28.6%
Chicken	17.1%
Pizza	11.4%
Barbecue	8.6%
Salads	5.7%
Deli	5.7%
Hot dogs	5.7%
Bake-off products	5.7%
Burritos	2.9%
Chili	2.9%
Popcorn	2.9%
Nachos	2.9%
Hamburgers	2.9%
Breakfast Sandwiches	2.9%

Source: Cahners Bureau of Foodservice Research

Experts agree: C-stores need image enhancement.

tions I had to make was looking at gross profit dollars vs. food costs. That's the biggest problem we have: retail accounting vs. cost accounting. You cannot operate restaurants without cost accounting—you have to have that attention to detail.

R&I: Are retail/foodservice combinations a fad or a trend?

Spener: I think over the next five years you're going to see a drastic increase in combination c-store/fast-food units. I don't have a crystal ball, but I also can envision a retrenching after that, and then real reduction. I don't think that says there's not a trend here. A lot of companies who aren't committed to the idea and just want to grab for some dollars will get into the act, but they'll end up losing money.

Reinhard: They may be grabbing top-line dollars, but it may be negative on the bottom line. There is definitely a trend, because consumers are becoming more demanding as far as choice of offerings, and the fast feeders are no longer fast because of menu extensions. When we add a limited menu such as Church's to our choices, there's more choices for the consumer.

Samaras: It's a whole new frontier, just like when the fast-food industry went into breakfast. A few short years ago, no one would think of going to a "hamburger joint" for breakfast. We're forging ahead in this frontier, but we don't know what will happen. The consumer will vote with his dollars, and tell us what he wants and what he needs. It's that simple.

R&I: Do you see a strong market for breakfast in convenience stores?

Reinhard: We haven't been in breakfast, but, considering 7-Eleven's clientele, we do see an opportunity. It may be more location-driven than anything else, but we're certainly looking at breakfast within the 7-Eleven store concept. Our Church's units offer an omelet biscuit, even though traditional Church's units do not serve breakfast.

Spener: Talking about breakfast brings up another point—scheduling. Retailers previously have scheduled people by shift. Now you have to schedule by hours. And employees who put out a breakfast require far more training than those who stand at a cash register and make change.

Reinhard: That's where the term "commitment" really hits home. Senior management must dedicate labor to foodservice tasks, and that labor needs to be scheduled hourly. This means changing the retail mindset to accommodate foodservice, and it's much easier said than done.



A beverage program marked 7-Eleven's entry into foodservice.

SYSTEMS



■ TRAINING

Training's Role Commanding Respect

Biggest problems facing training and human resources leaders are availability of quality labor and turnover.

A survey of hospitality industry trainers shows executives are looking to their training departments today to produce the success stories of tomorrow.

Top management at more than nine out of 10 foodservice companies is making a greater commitment to training in order to attain the operation's goals, according to results from the 1987 Hospitality Industry Training Survey (HITS). *Restaurants & Institutions* conducted the survey among members of the Council of Hotel and Restaurant Trainers (CHART) to give the industry some comparisons, refer-

ence points and timely training statistics to plan for the future.

Survey respondents report that management now accepts training as part of marketing and operations. They say the programs help eliminate inconsistent performances and make direct contributions to sales and cost controls.

Of course, budget is the key to reaching any or all training department goals, and training directors have reason for optimism. The portion of the corporate operating budget committed to training has increased to 8.3%, an average increase of 24.5%, according to

HITS results.

One of the reasons behind higher budgets is the increase in training staff members. Operations continue to expand, and it is becoming increasingly important and difficult to find and develop talented people. The survey shows the average staff stands at 14.1 people, an increase of 5.3% during the past year.

Company philosophy also has become more centered around its people. The survey shows that companies are opening their own learning centers, increasing field management training and updating film libraries.

Where the training takes place continues to be a much-debated topic. HITS results show 62% of training programs are initiated in a central location, while 60% take place in decentralized locations. The percentage adding up to more than 100% indicates that many companies mix their training sites. Generally, management is trained at a centralized location, while hourly personnel are taught at their own unit.

Trainers who prefer a centralized site argue that training done at one corpo-

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rate facility helps to deliver a more consistent message. But more and more training is being done at the field level as organizations expand and find it necessary to develop field training programs.

When it comes to the number of days or weeks spent in training, the results reported in the HITS survey vary widely, depending on title. Hourly workers spend an average of 8.8 days a year in training; management trainees, 17.6 weeks a year; unit managers, 7.4 weeks a year; regional supervisors, 2.2 weeks a

year; executives, 1.6 weeks a year; staff members, 1.6 weeks a year.



The HITS survey found that back-of-house personnel are receiving the most training in safety, security, sanitation and quality control.

Some training departments report involvement in the succession of planning for key positions. Only a few departments, however, report full responsibility for identifying the candidates and setting up plans to prepare for the position. Most departments appear to act in more of an advisory capacity to top management.

About 55% of the respondents say they get involved in setting the career paths of high-potential employees. Responses identifying the methods to

make fast-track employee programs work include identifying the employee, planning the necessary technical and managerial experiences (some self-paced) and timely evaluations. Personal inventory and individual counseling is another popular method for determining career path. Many training departments encourage participation in outside seminars to develop motivational, leadership and entrepreneurial skills.

And just what is the makeup of today's training professional? Survey respondents have held their current position for 2.7 years and have been employed by their current company for 6.2 years. The average trainer has had either 8 years experience in operations, 5.9 years in personnel, 8.4 years in human resources development or 10.7 years in other fields. About 43% have a formal business education, 22.5% in hotel and restaurant management, 20% in adult learning and HRD, 17.5% in liberal arts and 32.5% in other disciplines.

Finally, we asked the CHART members what they are doing to prepare for changes occurring in the work force. Many are training for change through the use of video programs, concentrating on softer people skills rather than technical training. They want to increase service without compromising quality.

—Jeff Weinstein

DOES TRAINING PAY?

Here is a chance for you to compare your salary to that of the average of survey respondents from the CHART organization.

Program director

\$35,614

Field trainer

\$29,307

Classroom instructor

\$29,867

Others

\$23,290

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TO WHOM DO YOU REPORT?

While most trainers prefer to report to the president, here is the real breakdown.

Personnel/HRD	35%
Company president	32
Operation/line	17
Administration	10
Other	17

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SYSTEMS

■ HUMAN RESOURCES

Customer Assistance Program Takes Off

Roy Rogers is recruiting older adults to make customers feel at home.

Years ago Roy Rogers employed hosts who showed concern for customers by fetching coffee refills for grown-ups and booster seats for young children. "That employee went out with miniskirts," recounts Sue Landgraf, director of training for the Marriott Corp. subsidiary.

Miniskirts are on the way back in, if the fashion industry has its way, and so are Roy Rogers' hosts—now known as Customer Assistance Program (CAP) representatives. CAP reps are on the job in about 80% of Roy Rogers units, and the company hopes to be fully staffed by the end of the year.

"The rationale is that fast-food customers don't want a hassle when they eat out. Our research shows that if people don't have confidence in the service, they won't enjoy the meal," says Landgraf.

The job slot is designed specifically for older people, considered ideal because they have so much more experience in personal interaction than the typical teen-aged crew member.

The CAP jobs also are more appealing to this age group than many fast-food jobs. Cooking hamburgers for

three or four hours straight or working as a cashier is physically demanding work that might not be acceptable to older people.

The basic responsibility of CAP reps is to make each customer feel at ease. To this end, they greet and say goodbye to everyone—a personal touch that gives the operation the feeling of a neighborhood restaurant. In addition, they circulate through the restaurant, keeping a sharp eye out for anyone who needs help.

The CAP rep might also intervene when a rushed cashier makes a decision that's technically right, but wrong from a human relations point of view. In one case, a cashier upset a couple by refusing to accept a coupon with an expired date. The CAP rep smoothed over the situation, bending the rules so the customers could use the coupon and leave happy.

The new job category can be hard to sell to unit managers. "From their standpoint, it might look like paying someone to do nothing," says Landgraf. "They have to see the program in action to be convinced."

Finding the right person for the job is equally tough, she adds. "It's better to have no one at all than to have the wrong person." The most successful method to date has been approaching regular customers in the right age bracket.

—Toni Lydecker.



Sam King (standing) chats with a table of customers.

MEET SAM KING, THE CUSTOMER'S FRIEND

The customer's husband had just come out of surgery and was still a little unsteady on his feet. "Sam, could you please help my husband out the door while I bring around the car?" asked the elderly woman.

Sam King, a Roy Rogers CAP (Customer Assistance Program) rep, did as the customer asked, and she later wrote a grateful letter to the company.

It was all in a day's work for King, who is on a first-name basis with many of the customers at the White Oak, Md., unit where he works.

The gregarious King is "semi-retired" from an impressive career that has included founding hundreds of Boy Scout programs in the United States and the Virgin Islands, as well as working with senior citizens' groups. Making use of King's speaking skills, friendly manner and experience in community work, Roy Rogers recently flew him to New York City to train district managers to recruit their own CAP reps.

King is pleased with his new job. "I was glad to get away from the desk work of my previous jobs," he says. "Some people might think of this as a dead-end job, but I don't see it that way."

■ R&I DATA

LABOR COST INDEX: UNIT MANAGERS MAKE STRIDES

Traditionally, turnover among unit managers is a big problem, especially at fast-food operations. Maybe that accounts for the 10% jump in manager's salaries over the past three months reported in nearly every region of the country.

	Northeast	North Central	Southwest	West	Average commercial	Average institutional
Executive chef*	\$27,415	\$27,933	\$28,662	\$30,324	\$28,875	\$26,749
Manager*	22,816	22,676	22,116	19,003	24,311	19,916
Asst. manager*	19,844	16,696	18,483	16,955	19,054	16,753
Mgmt. trainee*	18,700	15,409	14,750	15,417	16,096	16,225
Cook**	289	195	222	237	230	244
Dishwasher**	194	168	162	153	159	182

Key: *annually **weekly

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ACTION EXPRESS

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